

Rs 50K cr tower deal with GTL Infra to pare RComm debt by half

Publication: Indian Express, Date: June 28, 2010

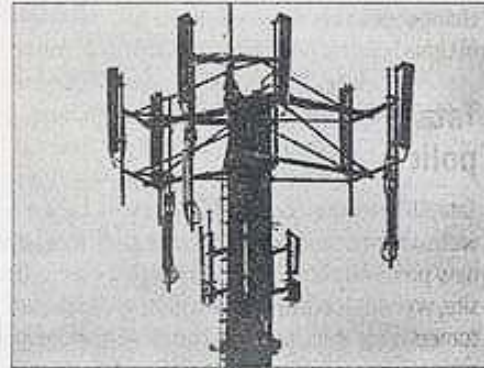
Rs 50K-crore tower deal with GTL to pare RComm debt by half

ENS ECONOMIC BUREAU

MUMBAI, JUNE 27

THE boards of Reliance Communications (RComm), its subsidiary Reliance Infratel (Rinfratel), and GTL Infrastructure on Sunday in-principle approved a Rs 50,000-crore (\$11 billion) deal to create the world's largest independent telecom infrastructure company, neither owned nor controlled by any telecom operator. Under the deal, RComm will merge Rinfratel with GTL infrastructure, a move that would infuse significant cash into the Anil Ambani firm and help it cut down its huge debt of Rs 33,000 crore by more than half. Before the merger, RComm had a 95% stake in Rinfratel.

The merged entity will have over 80,000 towers and over 1,25,000 tenancies from over 10 telecom operators such as RComm, Aircel, Etisalat DB Telecom, MTS, Uninor Telecom, Videocon Mobile, Tata Teleservices, Vodafone and S Tel. The entity is expected to see an additional 75,000 tenancies coming in from leading players, owing to the impending launch of 3G and broadband wireless access (BWA) in India. However, Rinfratel's optic fibre network of over 200,000 kms and related assets will remain under RComm's ownership, a company statement said. Sources said the merger deal between Rinfratel and GTL Infrastructure could bring down RComm's liability by around Rs 18,000 crore (around \$4 billion) through a mix of cash and stock op-



VIVENDI EYES 26 PER CENT STAKE IN RCOMM

MUMBAI: French telecom major, Vivendi, is likely to pick up 26% stake in Reliance Communications (RComm) for Rs 16,000 crore. Vivendi has operations in France, Morocco and Brazil. "The deal is likely to be announced in the next four to six weeks," said a source close to the development. For RComm, 26% stake sale will lead to ebitda dilution to the extent of 15-18%. RComm has a debt of about Rs 33,000 crore post the payment of 3G licences. ENS

tions, possibly with a combination of about \$1.5 billion (around Rs 6,750 crore) in cash. Considering GTL would take up the operational control, it is quite possible that it could take up the debt liability already existing on Rinfratel which was around Rs 15,000 crore as of March 31, 2009, according to the DRHP filed by the company in September 2009.